

Manufacturer's Purchase Credit is non-transferable and may not be used to satisfy the tax liability of any taxpayer other than the manufacturer (or graphic arts producer) that earned the credit. See, 86 Ill. Admin. Code 130.331. (This is a GIL.)

December 14, 1998

Dear Ms. Xxxxx:

This letter is in response to your letter dated June 20, 1998. We apologize for the delay in responding to your inquiry. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

On April 30, 1998, our company was purchased through an asset sale. We now have a new FEIN# (####, and we have recently been issued a new IBT# (####).

It is my understanding that our manufacturing purchasing credit in 1997 will have to be forfeited, since we have new numbers. I spoke to one of your field auditors, and she suggested that I appeal to you to see if this credit can be transferred to our new IBT#.

Enclosed are copies of our forms ST-16 and ST-17, annual purchase credit earned and annual purchase credit used. As you can see, we have only used \$442.00 out of the \$14,266.92 of credit earned.

I would appreciate anything you can do to get the portion of manufacturer's credit not used of \$13,824.92 transferred over to our new IBT#. If you have any questions, please call me. Thank you, in advance, for your time and consideration to this matter.

In addition to the exemption for manufacturing machinery and equipment, the State of Illinois provides a manufacturer's purchase credit (MPC) on the purchase of tangible personal property that qualifies for the manufacturing machinery and equipment exemption. 35 ILCS 105/3-85; 35 ILCS 110/3-70. The credit may be used to satisfy Use Tax or Service Use Tax liability that is incurred on the purchase of production related tangible personal property that does not qualify for the manufacturing machinery and equipment exemption. Effective June 30, 1995, the reporting requirements were changed to an annual reporting method instead of the monthly method required for MPC earned and used prior to that date. See the enclosed copy of 86 Ill. Adm. Code 130.331.

MPC is non-transferable and may not be used to satisfy the tax liability of any taxpayer other than the manufacturer (or graphic arts producer) that earned the credit. See for example subsection (b)(2) of Section 130.331; and 35 ILCS 105/3-85. Generally, a manufacturer or graphic arts producer that purchases the assets of another taxpayer cannot obtain any MPC that had been earned by that other taxpayer. Such transfers of MPC from one taxpayer to another taxpayer are prohibited by Section 3-85 of the Use Tax Act and Section 3-70 of the Service Use Tax Act. See 35 ILCS 105/3-85 and 35 ILCS 110/3-70.

I hope this information is helpful. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Encl.